

APPENDIX D

AFFIDAVIT
OF
TONY A. HANCOCK and
JONATHAN DORAN BUCKLEY

Come the undersigned, Tony A. Hancock and Jonathan Doran Buckley, and after first being duly sworn, state as follows:

1. We are the owners of MEC, Ltd., a Kentucky corporation.

2. On January 9, 1997, we entered into a secrecy agreement with SIG Swiss Industrial Co. (hereinafter "SIG") in preparation for an exchange of information related to development of an electromechanical safety system for firearms in general, and for handguns in particular. We signed that agreement and Dr. Dieter Strich and Rudolf Fuchs signed for SIG. (Rudolf Fuchs would later file a patent application on February 10, 1998 using our design.)

A copy of that Agreement is attached hereto at **Exhibit 1**.

3. On February 18, 1997, we entered into a development agreement with SIG in which we undertook to design a locking/safety system for a handgun, which locking system would be activated electronically. The development agreement contemplated our designing and building two prototypes: a functional prototype and a marketing prototype.

The *functional prototype* was designed to show the function and effectiveness of the design of the electromechanical locking/safety system with the initiating electronics and power supply not miniaturized, but attached instead by means of an umbilical cord.

The *marketing prototype* would have all the electronics reduced in size and on board along with an integral power supply. The marketing prototype would be what would be sold to the public.

SIG wanted to pay us in installments based on the completion of certain benchmarks; however, SIG also wanted the ability to terminate the agreement without further obligation for payment after the completion of any benchmark.

Since we would be revealing our design technology in detail early in this process, we agreed that if SIG chose to terminate the agreement prior to full payment, then in such event, they would have no ownership interest in the design.

That Agreement was signed by Hans Roduner, head of the Small Arms Division of SIG, and for whom both Dr. Dieter Strich and Rudolf Fuchs both worked. Mr. Roduner was also a member of the Executive Committee of SIG's

Board of Directors.

A copy of that Agreement is attached hereto at **Exhibit 2**.

4. We designed two approaches to the problem, one that directly blocked the action of the trigger ("trigger block design"), and a second design that disengaged the trigger bar ("trigger pull down design").

5. On June 18, 1997 we submitted engineering line drawings to Dr. Dieter Strich and Rudolf Fuchs of our "trigger block design with a spring-loaded pin".

A copy of that cover letter and accompanying drawings is attached hereto at **Exhibit 3**.

The original drawings had been produced at our direction, by a subcontractor, Speciality Machining Inc..

A copy of the invoice from Speciality Machining Inc. dated 6/20/97 for those drawings is attached hereto at **Exhibit 4**, along with a copy of the subject four pages of drawings.

6. On June 23, 1997 we submitted 3-Dimensional solid model computer drawings of both the trigger block design and the trigger bar pulldown design, to Dieter Strich and Rudolf Fuchs.

A copy of that cover letter is attached hereto at **Exhibit 5**, along with copies of those 3-Dimensional solid model computer drawings.

7. At this point, we built working *functional prototypes* of the two designs, with the electronics connected to the prototypes by means of an external cable. We modified two SIG handguns, one for each prototype. We hired Speciality Machining Inc. to do the machining to accommodate our design changes.

We identified a source for the unusual motor we chose to use in the design, Micro-Mo Electronics, Inc.

Speciality Machining Inc. built the spring-loaded pin assembly used in our design for the trigger block approach.

After producing the two functional prototypes, we test fired both designs and videotaped that demonstration session, with close-ups of the details of the electromechanical action of each design.

We paid a video company to shoot the video, and a copy of that invoice is attached hereto at **Exhibit 6**.

We met with Dieter Strich and Ruedi Fuchs at SIG in Switzerland on July 9 and 10, 1997 at which meeting we gave them copies of the video converted into the PAL format as used in Europe. We also gave them color photographs of the

detailed parts of both designs.

A copy of that video, in VHS format, is attached hereto at **Exhibit 7**, along with copies of the trigger block color photographs at **Exhibit 8**.

8. At this point, SIG narrowed its interest to only our trigger block design.

9. We hired Shadowsand, Inc., an electronics subcontractor, to build a demonstration electronics board, one to which we could attach the prototype handgun and demonstrate how our keypad approach as an actuator would work in practice.

10. On August 4, 1997 we notified Dieter Strich and Rudolf Fuchs that we had completed the mechanical apparatus for connection to an electronics board and delivered the gun to a cosmetics finisher. In that same correspondence we acknowledged their request to be in Switzerland for their presentation of the prototype to their Board of Directors during the week of August 20, 1997 thru August 28, 1997.

A copy of that email is attached hereto at **Exhibit 9**.

11. On August 6, 1997, we sent color photos to Dieter Strich and Rudolf Fuchs of the prototype with the external electronics board.

A copy of that letter is attached hereto at **Exhibit 10**, along with copies of the color photographs.

12. On August 7, 1997, we received a fax from the secretary to Rudolf Fuchs asking us if we could send a description of the function of the prototype.

A copy of that fax is attached hereto at **Exhibit 11**.

13. On August 8, 1997, we delivered the engineering prototype to George Schneider, the President of SIG Arms, USA, a wholly owned subsidiary of SIG Swiss Industrial Co., and demonstrated its operation.

On August 10, 1997 we replied to Rudolf Fuchs' request for a description of the function of the prototype by suggesting that we would demonstrate it for them on August 20, 1997 when we arrived in Switzerland.

A copy of that correspondence is attached hereto at **Exhibit 12**.

14. On August 13, 1997 we received an email from Rudolf Fuchs in which he asked us if he and Dieter Strich would be able to operate the prototype with our help over the phone if any problems in importing the gun arose.

A copy of that email is attached hereto at **Exhibit 13**.

15. We made arrangements to demonstrate the operation of the prototype at the SIG facility in Switzerland on August 21, 1997.

A copy of that email is attached hereto at **Exhibit 14**.

A copy of the "Instructions for Operation" dated 8/20/97 furnished to Rudolf Fuchs and Dieter Strich at that meeting is attached hereto at **Exhibit 15**.

16. We remained in Switzerland for the balance of the Board meeting and were informed by Rudolf Fuchs that the presentation went very well. We returned to the United States and proceeded to work on completing the marketing prototype which had the electronics miniaturized and on board along with the power supply.

17. We had invoiced SIG for the third payment under our Agreement, and in response, on December 4, 1997, we received a letter signed by Dieter Strich and Rudolf Fuchs terminating the Agreement because "our marketing people are not sure if we should introduce a PIN-code based solution to the market".

A copy of that termination letter is attached hereto at **Exhibit 16**.

18. We were disappointed that SIG was not interested in going forward but there remained a significant market for the technology so we proceeded to complete what would have been the marketing prototype. We had hired Shadowsand, Inc. to miniaturize the electronics, and the marketing prototype was completed in December 1997 so that we could have it with us at the January 25, 1998 Shot Show, the arms and ammunition industry yearly trade show.

We provided Shadowsand, Inc. with the functional requirements for the electronics, and Shadowsand designed and built the electronics boards to meet those functional requirements.

In conjunction with Shadowsand, and another electronics subcontractor, Dynaphysics, Inc., a North Carolina company, we detailed our the specifications for the keypad and ordered them from Elite Sales & Technology, Ltd., also a North Carolina company.

Our marketing prototype included the same trigger block design with a spring loaded pin that was shown on the June 18, 1997 line drawings furnished to SIG, and that was also exhibited in the functional prototype supplied to SIG for their Board presentation.

A photograph of that marketing prototype is attached hereto at **Exhibit 17**, along with photographs of the miniaturized electronics and keypad.

An Affidavit of Sean Garnett, President of Shadowsand, Inc. is attached hereto at **Exhibit 18**, in which affidavit Mr Garnett acknowledges providing the miniaturized electronic boards and physically assembling the final marketing prototype in December 1997.

19. An Affidavit of Austin D. Pyle, President of Speciality Machining Inc. is attached hereto at **Exhibit 19**, in which affidavit Mr. Pyle acknowledges providing the machining for the modification of all the prototypes, including the SIG 239 prototype with the onboard electronics and power supply.

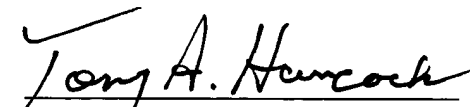
20. In response to our December 10, 1997 request for a return of the functional prototype and all materials furnished SIG, SIG sent some of our photos, videotapes, and electronic circuit boards back to us in late January 1998.

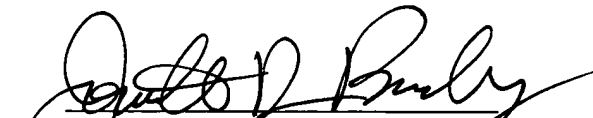
A copy of the inventory furnished customs by SIG is attached hereto at **Exhibit 20**.

20. On February 10, 1998, Rudolf Fuchs filed a European patent application using the exact electromechanical design featured in our functional and marketing prototypes.

21. In May 14, 1998, nine months after we gave it to them, SIG returned our prototype.

Further the affiants saith not.



Tony A. Hancock


Jonathan Doran Buckley

Commonwealth of Kentucky
County of Fayette

Subscribed, sworn to, and acknowledged before me by Tony A. Hancock and Jonathan Doran Buckley, on this the 8th day of July 2003.

My Commission Expires: 3-6-2006


Notary Public, State of Kentucky